

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE January 27, 2016

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released an audit report on O'Brien County, Iowa.

The County had local tax revenue of \$23,786,254 for the year ended June 30, 2015, which included \$1,906,566 in tax credits from the state. The County forwarded \$17,686,859 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,099,395 of the local tax revenue to finance County operations, a 1.6% increase over the prior year. Other revenues included charges for service of \$1,923,314, operating grants, contributions and restricted interest of \$3,599,275, capital grants, contributions and restricted interest of \$3,222,225, tax increment financing of \$263,343, local option sales tax of \$496,833, unrestricted investment earnings of \$35,326, gain on disposition of capital assets of \$176,754 and other general revenues of \$68,863.

Expenses for County operations for the year ended June 30, 2015 totaled \$11,765,874, a less than 1% decrease from the prior year. Expenses included \$4,981,510 for roads and transportation, \$2,909,362 for public safety and legal services and \$1,132,573 for administration.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1510-0071-B00F.pdf>.

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O'BRIEN COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015

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O'Brien County

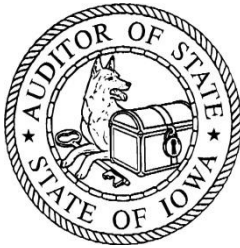
Officials

(Before January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Thomas Farnsworth	Board of Supervisors	Jan 2015
Daniel Friedrichsen	Board of Supervisors	Jan 2015
James DeBoom	Board of Supervisors	Jan 2017
Nancy McDowell	Board of Supervisors	Jan 2017
John Steensma	Board of Supervisors	Jan 2017
Barbara Rohwer	County Auditor	Jan 2017
Phyllis Rohlfen	County Treasurer	Jan 2015
Kurt Brown	County Recorder	Jan 2015
Michael J. Anderson	County Sheriff	Jan 2017
Micah Schreurs	County Attorney	Jan 2015
Lowell L. Dykstra	County Assessor	Jan 2016

(After January 2015)

James DeBoom	Board of Supervisors	Jan 2017
Nancy McDowell	Board of Supervisors	Jan 2017
John Steensma	Board of Supervisors	Jan 2017
Thomas Farnsworth	Board of Supervisors	Jan 2019
Daniel Friedrichsen	Board of Supervisors	Jan 2019
Barbara Rohwer	County Auditor	Jan 2017
Phyllis Rohlfen	County Treasurer	Jan 2019
Susan Smith	County Recorder	Jan 2019
Michael J. Anderson	County Sheriff	Jan 2017
Micah Schreurs	County Attorney	Jan 2019
Lowell L. Dykstra	County Assessor	Jan 2016



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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Officials of O'Brien County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of O'Brien County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of O'Brien County as of June 30, 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 16 to the financial statements, O'Brien County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 52 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise O'Brien County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2016 on our consideration of O'Brien County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering O'Brien County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 19, 2016

O'Brien County

MANAGEMENT'S DISCUSSION AND ANALYSIS

O'Brien County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated \$2,334,820 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities increased 14.1%, or approximately \$1,964,000, from fiscal year 2014 to fiscal year 2015. Property and other county tax decreased approximately \$329,000. Capital grants, contributions and restricted interest increased approximately \$2,758,000. Operating grants, contributions and restricted interest decreased approximately \$468,000.
- Program expenses of the County's governmental activities were approximately \$11,766,000 in fiscal year 2015, slightly less than in fiscal year 2014. Roads and transportation expenses increased approximately \$299,000 and administration expenses decreased approximately \$125,000.
- The County's net position after restatement increased 16.5%, or approximately \$4,119,000, from June 30, 2014 to June 30, 2015.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of O'Brien County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report O'Brien County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which O'Brien County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary funds account for the County's Internal Service, Employee Health Insurance and Workers' Compensation Self Insurance Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for E911 surcharges, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

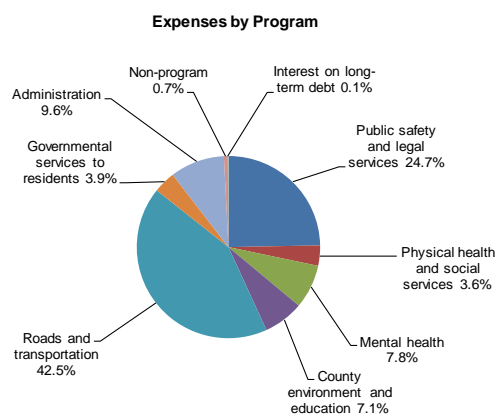
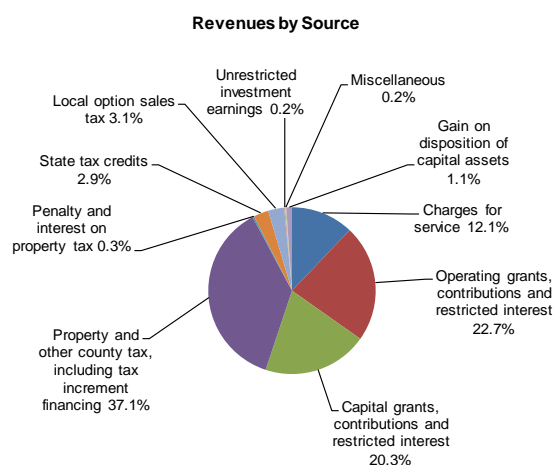
As noted earlier, net position may serve over time as a useful indicator of financial position. O'Brien County's combined net position increased from a year ago, from approximately \$27.4 million to approximately \$29 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	\$ 17,423	15,928
Capital assets	22,938	20,181
Total assets	40,361	36,109
Deferred outflows of resources	526	-
Long-term liabilities	3,211	2,344
Other liabilities	485	448
Total liabilities	3,696	2,792
Deferred inflows of resources	8,176	5,887
Net position:		
Net investments in capital assets	22,118	18,516
Restricted	5,513	5,520
Unrestricted	1,384	3,394
Total net position	\$ 29,015	27,430

Net position of O'Brien County's governmental activities increased approximately \$1,585,000, or 5.8%. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants,

enabling legislation or other legal requirements – decreased from approximately \$3,394,000 at June 30, 2014 to approximately \$1,384,000 at the end of this year, a 59.2% decrease. The decrease was primarily due to recording the County's proportionate share of the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,923	2,173
Operating grants, contributions and restricted interest	3,599	4,067
Capital grants, contributions and restricted interest	3,222	464
General revenues:		
Property and other county tax, including tax increment financing	5,905	6,234
Penalty and interest on property tax	45	40
State tax credits	458	356
Local option sales tax	497	465
Unrestricted investment earnings	35	72
Gain on disposition of capital assets	177	38
Miscellaneous	24	12
Total revenues	15,885	13,921
Program expenses:		
Public safety and legal services	2,909	3,008
Physical health and social services	427	413
Mental health	916	948
County environment and education	838	922
Roads and transportation	4,981	4,682
Governmental services to residents	457	546
Administration	1,133	1,258
Non-program	88	80
Interest on long-term debt	17	21
Total expenses	11,766	11,878
Change in net position	4,119	2,043
Net position beginning of year, as restated	24,896	25,387
Net position end of year	\$ 29,015	27,430



O'Brien County's net position of governmental activities increased approximately \$1,585,000 during the year. Revenues for governmental activities increased approximately \$1,964,000 over the prior year. Property and other county tax revenue decreased approximately \$329,000, or 5.3%, from the prior year. Capital grants, contributions and restricted interest increased approximately \$2,758,000, due primarily to infrastructure contributions from the State of Iowa. Operating grants, contributions and restricted interest decreased approximately \$468,000, due primarily to the prior year receipt of a \$485,000 Resource Enhancement and Protection grant and decreases in other grants.

The cost of all governmental activities this year decreased slightly compared to last year at approximately \$11.8 million. As shown in the Statement of Activities on page 19, the amount property taxpayers ultimately financed for these activities was approximately \$3 million because some of the cost was paid by those who directly benefited from the programs, approximately \$1.9 million, and by other governments and organizations which subsidized certain programs with grants and contributions, approximately \$6.8 million. Overall, the County's governmental activities program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2015 from approximately \$6,704,000 to approximately \$8,744,000. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As O'Brien County completed the year, its governmental funds reported a combined fund balance of approximately \$8 million, an increase of approximately \$105,000 from last year's total of approximately \$7.8 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$282,000, or 5.1%, while expenditures decreased approximately \$313,000 from the prior year to approximately \$5,165,000, a decrease of 5.7% from the prior year. The ending fund balance decreased approximately \$66,000 from the prior year to approximately \$2,794,000.
- Mental health expenditures for the year totaled approximately \$788,000, a decrease of 3.6% from the prior year. Revenues decreased approximately \$99,000, a decrease of 11.1% from the prior year. The Special Revenue, Mental Health Fund balance increased approximately \$8,000 from the prior year to approximately \$461,000.
- Special Revenue, Rural Services Fund revenues increased approximately \$64,000, principally due to an increase in local option sales tax of approximately \$32,000. Expenditures decreased approximately \$63,000 from the prior year to approximately \$899,000, a decrease of 6.5% from the prior year. The ending fund balance decreased approximately \$2,000 from the prior year to approximately \$398,000.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$54,000, primarily due to a decrease in intergovernmental revenues. Expenditures decreased approximately \$22,000 from the prior year to approximately \$4,694,000, a decrease of 0.5% from the prior year. The decrease is primarily due to a decrease in capital projects expenditures. The ending fund balance increased approximately \$373,000 from the prior year to approximately \$4,068,000.
- Special Revenue, County Urban Renewal Fund revenues decreased approximately \$324,000, a decrease of 54.9%. This is principally due to a decrease in tax increment financing revenues. Expenditures increased approximately \$132,000, an increase of 29.2%. The increase is primarily due to an increase in debt service expenditures resulting from retiring the TIF Ethanol Plant Infrastructure Refunding Bonds one year early. The ending fund balance decreased approximately \$319,000 from the prior year to approximately \$(8,000).

- Debt Service Fund revenues were consistent with the prior year. Debt service expenditures decreased approximately \$6,000, a decrease of approximately 2.2%, to approximately \$278,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, O'Brien County amended its budget three times. The first amendment made in November 2014 resulted in an increase in budgeted disbursements of \$136,474. The largest portion of this increase was \$100,000 for the capital projects function for the purchase of land for county conservation. The second amendment was made in March 2015 and resulted in increases or decreases in budgeted disbursements for all functions except the roads and transportation function, netting to an overall increase of \$2,915 in total disbursements and other uses. Mental health function disbursements decreased \$161,216 due to the State's restructuring of how mental health services are paid for. Offsetting this large decrease in disbursements, licenses and permits revenue increased \$100,700. The third amendment was made in May 2015 and resulted in an increase of \$199,236 in budgeted disbursements in the mental health function. To partially offset this increase in disbursements, budgeted intergovernmental revenues increased \$61,481.

The County's receipts were \$310,202 more than budgeted, a variance of 2.6%. The variance is a result of a conservative budgeting process which underestimates projected receipts for the County.

Total disbursements were \$1,382,282, or 10% less than the amended budget. Actual disbursements for the capital projects, public safety and legal services and administration functions were under budget by \$535,535, \$209,713 and \$183,300, respectively. Capital projects function disbursements were less than anticipated due to fewer secondary road projects. The public safety and legal services and administration functions did not spend as much on salaries and building repair as anticipated. Actual disbursements did not exceed the budget in any function during fiscal year 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, O'Brien County had approximately \$22.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$ 2.8 million, or 13.7%, over the prior year.

Capital Assets of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2015	2014
Land	\$ 1,019	1,019
Buildings and improvements	3,370	3,465
Equipment and vehicles	3,418	3,172
Infrastructure	15,131	12,525
Total	\$ 22,938	20,181
This year's major additions included (in thousands):		
Infrastructure, road network	\$	3,444
Motorgraders for Secondary Roads		512
Total	\$	3,956

The County had depreciation expense of \$1,429,844 in fiscal year 2015 and total accumulated depreciation of \$12,848,967 at June 30, 2015. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2015, O'Brien County had \$820,000 of general obligation notes outstanding, compared to \$1,655,000 of general obligation bonds/notes outstanding at June 30, 2014.

The County continues to carry a general obligation bond rating of AAA assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. O'Brien County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$80.3 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

O'Brien County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. According to information from Iowa Workforce Development, unemployment in the County stands at 2.9% versus 3.5% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 5.5% for the period ended June 30, 2015.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the operating budget were approximately \$17.8 million, an increase of 14.2% from the final fiscal year 2016 budget. Budgeted disbursements are expected to decrease \$100,545 from fiscal year 2015 actual disbursements. If these estimates are realized, the County's budgetary operating balance is expected to decrease \$166,833 by the close of fiscal year 2016.

O'Brien County considered the current year's revenues, along with the historical revenues versus expenditures, when setting the levy rates for fiscal year 2016. A major factor in estimating many of the revenues from the State of Iowa was the current financial condition of the State and the history of the Iowa Legislature cutting funding for counties.

The County fee structure is based on state law. Therefore, any increases in revenues in this area would need to be legislated. It is O'Brien County's position to charge the highest rate allowable by law to recoup the actual cost of the programs.

O'Brien County has a tendency to underestimate revenues, resulting in higher than anticipated ending fund balances. The County's philosophy is to budget for the recommended, but not currently legislated, 25% ending fund balances. This percentage is based on total expenditures in the respective fund for the year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of O'Brien County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the O'Brien County Auditor's Office, O'Brien County Courthouse, 155 South Hayes, Primghar, Iowa 51245.

O'Brien County

Basic Financial Statements

Exhibit A

O'Brien County
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 8,535,041
Receivables:	
Property tax:	
Delinquent	2,418
Succeeding year	7,046,000
Succeeding year tax increment financing	22,000
Interest and penalty on property tax	9,979
Accounts	12,185
Accrued interest	5,438
Due from other governments	593,976
Inventories	1,196,849
Capital assets, net of accumulated depreciation	22,938,069
Total assets	<u>40,361,955</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>525,552</u>
Liabilities	
Accounts payable	384,309
Accrued interest payable	541
Salaries and benefits payable	33,505
Due to other governments	66,875
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	270,000
Compensated absences	274,627
Portion due or payable after one year:	
General obligation notes	550,000
Net pension liability	1,697,768
Net OPEB liability	418,771
Total liabilities	<u>3,696,396</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	7,046,000
Unavailable tax increment financing	22,000
Pension related deferred inflows	1,108,005
Total deferred inflows of resources	<u>8,176,005</u>
Net Position	
Net investment in capital assets	22,118,069
Restricted for:	
Supplemental levy purposes	515,233
Mental health purposes	456,517
Rural services purposes	320,699
Secondary roads purposes	3,869,636
Drainage purposes	62,300
Conservation land acquisition	47,314
Debt service	7,202
Other purposes	233,919
Unrestricted	1,384,217
Total net position	<u>\$ 29,015,106</u>

See notes to financial statements.

O'Brien County
Statement of Activities
Year ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Expenses					
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,909,362	844,844	30,506	99,156	(1,934,856)
Physical health and social services	427,017	14,900	179,996	-	(232,121)
Mental health	916,181	132,762	211,751	-	(571,668)
County environment and education	837,704	148,093	27,410	-	(662,201)
Roads and transportation	4,981,510	231,473	3,146,614	3,123,069	1,519,646
Governmental services to residents	456,898	285,020	252	-	(171,626)
Administration	1,132,573	51,574	-	-	(1,080,999)
Non-program	87,752	214,648	-	-	126,896
Interest on long-term debt	16,877	-	2,746	-	(14,131)
Total	\$ 11,765,874	1,923,314	3,599,275	3,222,225	(3,021,060)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,382,715
Debt service					258,706
Tax increment financing					263,343
Penalty and interest on property tax					44,972
State tax credits					457,974
Local option sales tax					496,833
Unrestricted investment earnings					35,326
Gain on disposition of capital assets					176,754
Miscellaneous					23,891
Total general revenues					7,140,514
Change in net position					4,119,454
Net position beginning of year, as restated					24,895,652
Net position end of year					\$ 29,015,106

See notes to financial statements.

O'Brien County
Balance Sheet
Governmental Funds

June 30, 2015

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 2,716,653	460,900	337,193	2,809,909
Receivables:				
Property tax:				
Delinquent	1,795	307	178	-
Succeeding year	4,221,000	531,000	2,037,000	-
Succeeding year tax increment financing	-	-	-	-
Interest and penalty on property tax	9,979	-	-	-
Accounts	1,407	-	35	8,588
Accrued interest	3,590	-	-	-
Advances to other funds	-	-	-	68,482
Due from other governments	191,126	43,582	65,748	293,520
Inventories	-	-	-	1,196,849
Total assets	\$ 7,145,550	1,035,789	2,440,154	4,377,348
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 55,576	88	3,993	290,365
Salaries and benefits payable	16,074	-	1,000	16,431
Advances from other funds	-	-	-	-
Due to other governments	21,691	43,582	-	1,602
Total liabilities	93,341	43,670	4,993	308,398
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	4,221,000	531,000	2,037,000	-
Succeeding year tax increment financing	-	-	-	-
Other	37,521	307	178	1,232
Total deferred inflows of resources	4,258,521	531,307	2,037,178	1,232
Fund balances:				
Nonspendable:				
Inventories	-	-	-	1,196,849
Advances to other funds	-	-	-	68,482
Restricted for:				
Supplemental levy purposes	534,653	-	-	-
Mental health purposes	-	460,812	-	-
Rural services purposes	-	-	397,983	-
Secondary roads purposes	-	-	-	2,802,387
Drainage purposes	-	-	-	-
Conservation land acquisition	47,314	-	-	-
Debt service	-	-	-	-
Other purposes	64,494	-	-	-
Committed for ambulance replacement	127,089	-	-	-
Unassigned	2,020,138	-	-	-
Total fund balances	2,793,688	460,812	397,983	4,067,718
Total liabilities, deferred inflows of resources and fund balances	\$ 7,145,550	1,035,789	2,440,154	4,377,348

See notes to financial statements.

County Urban Renewal	Debt Service	Nonmajor	Total
60,352	7,604	231,613	6,624,224
-	138	-	2,418
-	257,000	-	7,046,000
22,000	-	-	22,000
-	-	-	9,979
-	-	-	10,030
25	1	112	3,728
-	-	-	68,482
-	-	-	593,976
-	-	-	1,196,849
82,377	264,743	231,725	15,577,686

-	-	-	350,022
-	-	-	33,505
68,482	-	-	68,482
-	-	-	66,875
68,482	-	-	518,884

-	257,000	-	7,046,000
22,000	-	-	22,000
-	138	-	39,376
22,000	257,138	-	7,107,376

-	-	-	1,196,849
-	-	-	68,482
-	-	-	534,653
-	-	-	460,812
-	-	-	397,983
-	-	-	2,802,387
-	-	62,300	62,300
-	-	-	47,314
-	7,605	-	7,605
-	-	169,425	233,919
-	-	-	127,089
(8,105)	-	-	2,012,033
(8,105)	7,605	231,725	7,951,426
82,377	264,743	231,725	15,577,686

O'Brien County

O'Brien County

Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

June 30, 2015

Total governmental fund balances (page 21) \$ 7,951,426

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$35,787,036 and the accumulated depreciation is \$12,848,967 22,938,069

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 39,376

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 1,880,395

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 525,552	
Deferred inflows of resources	<u>(1,108,005)</u>	(582,453)

Long-term liabilities, including notes payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (3,211,707)

Net position of governmental activities (page 18) \$ 29,015,106

See notes to financial statements.

O'Brien County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	County Urban Renewal
Revenues:					
Property and other county tax	\$ 3,107,488	531,810	1,748,848	-	-
Local option sales tax	-	-	496,833	-	-
Tax increment financing	-	-	-	-	263,343
Interest and penalty on property tax	47,003	-	-	-	-
Intergovernmental	1,221,392	257,741	206,149	3,196,692	-
Licenses and permits	11,650	-	-	92,378	-
Charges for service	511,955	-	-	-	2,500
Use of money and property	186,835	-	-	5,590	-
Miscellaneous	104,489	6,429	5,227	103,367	-
Total revenues	5,190,812	795,980	2,457,057	3,398,027	265,843
Expenditures:					
Operating:					
Public safety and legal services	2,202,299	-	743,947	-	-
Physical health and social services	432,384	-	-	-	-
Mental health	129,646	788,304	-	-	-
County environment and education	697,320	-	153,366	-	-
Roads and transportation	-	-	-	4,351,451	-
Governmental services to residents	521,427	-	1,500	-	-
Administration	1,174,974	-	-	-	-
Non-program	6,958	-	-	-	-
Debt service	-	-	-	-	584,548
Capital projects	-	-	-	342,107	-
Total expenditures	5,165,008	788,304	898,813	4,693,558	584,548
Excess (deficiency) of revenues over (under) expenditures	25,804	7,676	1,558,244	(1,295,531)	(318,705)
Other financing sources (uses):					
Sale of capital assets	3,663	-	1,349	1,850	-
Transfers in	8,707	-	-	1,666,201	-
Transfers out	(104,276)	-	(1,561,925)	-	-
Total other financing sources (uses)	(91,906)	-	(1,560,576)	1,668,051	-
Change in fund balances	(66,102)	7,676	(2,332)	372,520	(318,705)
Fund balances beginning of year	2,859,790	453,136	400,315	3,695,198	310,600
Fund balances end of year	\$ 2,793,688	460,812	397,983	4,067,718	(8,105)

See notes to financial statements.

Debt Service	Nonmajor	Total
259,358	-	5,647,504
-	-	496,833
-	-	263,343
-	-	47,003
22,091	114,131	5,018,196
-	-	104,028
-	3,460	517,915
246	1,388	194,059
-	5,822	225,334
281,695	124,801	12,514,215
-	-	2,946,246
-	-	432,384
-	-	917,950
-	8,181	858,867
-	-	4,351,451
-	-	522,927
-	-	1,174,974
-	-	6,958
278,070	-	862,618
-	-	342,107
278,070	8,181	12,416,482
3,625	116,620	97,733
-	-	6,862
-	-	1,674,908
-	(8,707)	(1,674,908)
-	(8,707)	6,862
3,625	107,913	104,595
3,980	123,812	7,846,831
7,605	231,725	7,951,426

O'Brien County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement
of Activities

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 25) \$ 104,595

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 807,917	
Capital assets contributed by the Iowa Department of Transportation	3,102,674	
Capital assets contributed by others	99,156	
Depreciation expense	<u>(1,429,844)</u>	2,579,903

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.

176,754

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	(6,083)	
Other	<u>(109,858)</u>	(115,941)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

845,000

The current year County share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.

403,920

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	16,960	
Other postemployment benefits	(31,683)	
Pension expense	(149,321)	
Interest on long-term debt	<u>741</u>	(163,303)

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan and workers' compensation self insurance to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities.

288,526

Change in net position of governmental activities (page 19)

\$ 4,119,454

See notes to financial statements.

O'Brien County
Statement of Net Position
Proprietary Funds

June 30, 2015

-	
	<u>Internal</u>
	<u>Service</u>
Current Assets	
Cash and cash equivalents	\$ 1,060,817
Investments	850,000
Receivables:	
Accounts	2,155
Accrued interest	<u>1,710</u>
Total current assets	1,914,682
Current Liabilities	
Accounts payable	<u>34,287</u>
Net Position	
Unrestricted	<u><u>\$ 1,880,395</u></u>
See notes to financial statements.	

Exhibit H

O'Brien County
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2015

	<u>Internal Service</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,310,535
Reimbursements from others	<u>24,130</u>
Total operating revenues	1,334,665
Operating expenses:	
Health claims and administrative services	<u>1,057,858</u>
Operating income	276,807
Non-operating revenues:	
Interest income	<u>11,719</u>
Net income	288,526
Net position beginning of year	<u>1,591,869</u>
Net position end of year	<u><u>\$ 1,880,395</u></u>
See notes to financial statements.	

O'Brien County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2015

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,310,535
Cash received from others	21,975
Cash paid for health claims and for administrative services	(1,059,798)
Cash paid for operating fund reimbursements	<u>(1,104)</u>
Net cash provided by operating activities	271,608
Cash flows from investing activities:	
Interest on investments	<u>11,571</u>
Increase in cash and cash equivalents	283,179
Cash and cash equivalents beginning of year	<u>777,638</u>
Cash and cash equivalents end of year	<u><u>\$ 1,060,817</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 276,807
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in receivables	(2,155)
Decrease in payables	<u>(3,044)</u>
Net cash provided by operating activities	<u><u>\$ 271,608</u></u>

See notes to financial statements.

O'Brien County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 2,332,623
Other County officials	43,196

Receivables:

Property tax:

Delinquent	11,514
Succeeding year	16,240,000

Accounts	13,375
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Accrued interest	420
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Special assessments	698,240
---------------------	---------

Due from other governments	166,638
----------------------------	---------

Total assets	<u>19,506,006</u>
---------------------	-------------------

Liabilities

Accounts payable	127,232
------------------	---------

Due to other governments	19,318,607
--------------------------	------------

Trusts payable	30,219
----------------	--------

Compensated absences	29,948
----------------------	--------

Total liabilities	<u>19,506,006</u>
--------------------------	-------------------

Net position

\$	<u><u>-</u></u>
----	-----------------

See notes to financial statements.

O'Brien County
Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies

O'Brien County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, O'Brien County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present O'Brien County (the primary government) and eleven drainage districts (the component units). These component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Eleven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the O'Brien County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the O'Brien County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: O'Brien County Assessor's Conference Board, O'Brien County Emergency Management Services Commission and Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations: Northwest Iowa Multi-county Regional Juvenile Detention Center, Northwest Iowa Area Solid Waste Agency, Synergy Center and Iowa Great Lakes Drug Task Force. In addition, the County is involved in the following jointly governed organizations: Northwest Iowa Planning and Development Commission, Compass Pointe, Regional Transit Authority, New Family Crisis Center, Private Industries Council, Seasons Mental Health Center, Third Judicial District Department of Correctional Services, Upper Des Moines Opportunity, Inc., Iowa County Engineers Association Service Bureau, Regional Transit Authority/RIDES, Inc., O'Brien County Health Care Coalition and O'Brien County Economic Development Corporation.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The County Urban Renewal Fund is used for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Proprietary Funds – Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Advances to and from Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been

recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Insurance Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,106,314 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Interfund Assets/Liabilities

The detail of advances to/from other funds at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	Special Revenue: County Urban Renewal	\$ 68,482

The advance to/from other funds resulted from the payment of urban renewal project costs from the Special Revenue, Secondary Roads Fund which will be repaid with tax increment financing collections.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 8,707
Special Revenue: Secondary Roads	General	104,276
	Special Revenue: Rural Services	1,561,925
Total		<u>\$ 1,674,908</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,019,401	-	-	1,019,401
Construction in progress, road network	255,901	3,443,981	3,422,648	277,234
Total capital assets not being depreciated	1,275,302	3,443,981	3,422,648	1,296,635
Capital assets being depreciated:				
Buildings	4,873,764	-	-	4,873,764
Improvements other than buildings	30,697	-	-	30,697
Equipment and vehicles	8,274,525	756,815	387,054	8,644,286
Infrastructure, road network	17,519,006	3,422,648	-	20,941,654
Total capital assets being depreciated	30,697,992	4,179,463	387,054	34,490,401
Less accumulated depreciation for:				
Buildings	1,427,332	94,894	-	1,522,226
Improvements other than buildings	12,279	614	-	12,893
Equipment and vehicles	5,102,156	497,086	372,759	5,226,483
Infrastructure, road network	5,250,115	837,250	-	6,087,365
Total accumulated depreciation	11,791,882	1,429,844	372,759	12,848,967
Total capital assets being depreciated, net	18,906,110	2,749,619	14,295	21,641,434
Governmental activities capital assets, net	\$ 20,181,412	6,193,600	3,436,943	22,938,069

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 146,956
Physical health and social services	261
County environment and education	61,372
Roads and transportation	1,189,005
Governmental services to residents	7,717
Administration	24,533
Total depreciation expense – governmental activities	<u>\$ 1,429,844</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2015 is as follows:

Fund	Description	Amount
General	Services	\$ 21,691
Special Revenue:		
Mental Health	Services	43,582
Secondary Roads	Services	1,602
		45,184
Total for governmental funds		\$ 66,875
Agency:		
County Assessor	Collections	\$ 434,903
Schools		9,663,452
Community Colleges		539,857
Corporations		5,521,535
Townships		226,232
Auto License, Use Tax and Driver's License		373,632
E911 Surcharges		409,577
All other		2,149,419
Total for agency funds		\$ 19,318,607

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	General Obligation Bonds/Notes	Compen- sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	\$ 1,665,000	291,587	2,925,782	387,088	5,269,457
Increases	-	335,678	-	37,980	373,658
Decreases	845,000	352,638	1,228,014	6,297	2,431,949
Balance end of year	\$ 820,000	274,627	1,697,768	418,771	3,211,166
Due within one year	\$ 270,000	274,627	-	-	544,627

General Obligation Bonds/Notes

A summary of the County's June 30, 2015 general obligation note indebtedness is as follows:

Year Ending June 30,	Law Enforcement Center Refunding Notes, Series 2012 Issued Nov 27, 2012			
	Interest Rates	Principal	Interest	Total
2016	0.60 - 0.70%	\$ 270,000	6,085	276,085
2017	0.75 - 0.80	280,000	4,210	284,210
2018	0.95 - 1.00	270,000	1,958	271,958
Total		\$ 820,000	12,253	832,253

During the year ended June 30, 2015, the County retired \$270,000 of general obligation notes and retired the remaining \$575,000 of principal on the general obligation refunding bonds.

(8) Industrial Development Revenue Bonds

The County has issued a total of \$8,100,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

(9) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the County contributed 8.93% for a total rate of 14.88%. Sheriff and deputy members and the County both contributed 9.88% of pay for a total rate of 19.76%. Protection occupation members contributed 6.76% of pay and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 totaled \$403,920.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$1,697,768 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was .042809%, which was a decrease of .008148% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$149,321. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,233	34,907
Changes of assumptions	82,167	27,006
Net difference between projected and actual earnings on pension plan investments	-	1,045,093
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	19,232	999
County contributions subsequent to the measurement date	403,920	-
Total	<u>\$ 525,552</u>	<u>1,108,005</u>

\$403,920 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (247,554)
2017	(247,554)
2018	(247,554)
2019	(247,554)
2020	3,843
Total	<u>\$ (986,373)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset)	\$ 4,068,961	\$1,697,768	\$ (301,534)

IPERS Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - All legally required employer contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2015.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 91 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

The health coverage, which is a partially self-funded medical plan, is administered by First Administrators, Inc. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 37,880
Interest on net OPEB obligation	15,484
Adjustment to annual required contribution	(15,384)
Annual OPEB cost	37,980
Contributions made	(6,297)
Increase in net OPEB obligation	31,683
Net OPEB obligation beginning of year	387,088
Net OPEB obligation end of year	<u>\$ 418,771</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$6,297 to the medical plan and there were no plan member contributions.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 71,148	25.1	\$ 365,810
2014	61,704	65.5	387,088
2015	37,980	16.6	418,771

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$354,159, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$354,159. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,316,441 and the ratio of the UAAL to covered payroll was 8.2%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 9%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purposes of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are \$1,505 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Risk Management

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Employee Health Insurance Plan

The Internal Service, Employee Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark Blue Cross Blue Shield. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark Blue Cross Blue Shield from the Employee Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2015 was \$1,310,535.

Amounts payable from the Employee Health Insurance Fund at June 30, 2015 total \$34,287, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,863,077 at June 30, 2015 and is reported as a designation of the Internal Service, Employee Health Insurance Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 37,331
Incurred claims (including claims incurred but not reported at June 30, 2014)	1,056,754
Payment on claims during the fiscal year	<u>1,059,798</u>
Unpaid claims end of year	<u><u>\$ 34,287</u></u>

(13) Contingent Liability

The County has provided a local government guarantee for a portion of the closure and postclosure care costs of the Northwest Iowa Area Solid Waste Agency required by Chapter 567-113.14 of the Iowa Administrative Code. The County's financial assurance obligation is \$306,000.

(14) Deficit Fund Balance

The Special Revenue, County Urban Renewal Fund had a deficit balance of \$8,105 at June 30, 2015. The deficit balance was a result of urban renewal tax increment collections being exceeded by disbursements. The deficit will be eliminated upon receipt of tax increment financing in future years.

(15) O'Brien County Financial Information Included in the O'Brien Mental Health Region

Northwest Iowa Care Connections, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective April 25, 2014, includes the following member counties: Clay County, Dickinson County, Lyon County, O'Brien County, Osceola County and Palo Alto County. The financial activity of O'Brien County's Special Revenue, Mental Health Fund is included in Northwest Iowa Care Connections for the year ended June 30, 2015, as follows:

Revenues:

Property and other county tax		\$ 531,810
Intergovernmental revenues:		
State tax credits	\$ 40,670	
Social services block grant	182,781	
Other intergovernmental revenues	<u>34,200</u>	257,651
Miscellaneous		<u>6,519</u>
Total revenues		<u>795,980</u>

Expenditures:

General administration:		
Direct administration	98,291	
Distribution to regional fiscal agent	<u>690,013</u>	788,304

Excess of revenues over expenditures	7,676
Fund balance beginning of the year	<u>453,136</u>
Fund balance end of the year	<u>\$ 460,812</u>

(16) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 27,430,472
Net pension liability at June 30, 2014	(2,925,782)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>390,962</u>
Net position July 1, 2014, as restated	<u>\$ 24,895,652</u>

Required Supplementary Information

O'Brien County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2015

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 6,403,492	-	6,403,492
Interest and penalty on property tax	46,212	-	46,212
Intergovernmental	5,121,046	-	5,121,046
Licenses and permits	101,888	-	101,888
Charges for service	525,047	-	525,047
Use of money and property	195,123	403	194,720
Miscellaneous	223,898	3,006	220,892
Total receipts	12,616,706	3,409	12,613,297
Disbursements:			
Public safety and legal services	2,927,440	-	2,927,440
Physical health and social services	430,806	-	430,806
Mental health	887,192	-	887,192
County environment and education	856,367	1,909	854,458
Roads and transportation	4,321,214	-	4,321,214
Governmental services to residents	522,872	-	522,872
Administration	1,178,250	-	1,178,250
Non-program	6,958	-	6,958
Debt service	862,618	-	862,618
Capital projects	494,654	-	494,654
Total disbursements	12,488,371	1,909	12,486,462
Excess (deficiency) of receipts over (under) disbursements	128,335	1,500	126,835
Other financing sources, net	6,862	-	6,862
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	135,197	1,500	133,697
Balance beginning of year	6,489,027	60,768	6,428,259
Balance end of year	\$ 6,624,224	62,268	6,561,956

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
6,424,227	6,402,196	1,296
17,504	32,550	13,662
4,721,337	4,900,502	220,544
119,000	219,700	(117,812)
432,448	453,049	71,998
154,788	161,410	33,310
118,467	133,688	87,204
11,987,771	12,303,095	310,202
3,209,762	3,137,153	209,713
442,602	464,423	33,617
898,844	936,864	49,672
877,217	1,013,600	159,142
4,475,000	4,475,000	153,786
588,039	569,662	46,790
1,324,930	1,361,550	183,300
9,500	8,958	2,000
863,670	871,345	8,727
900,000	1,030,189	535,535
13,589,564	13,868,744	1,382,282
(1,601,793)	(1,565,649)	1,692,484
-	1,163	5,699
(1,601,793)	(1,564,486)	1,698,183
4,901,046	6,445,850	(17,591)
3,299,253	4,881,364	1,680,592

O'Brien County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,616,706	(102,491)	12,514,215
Expenditures	12,488,371	(71,889)	12,416,482
Net	128,335	(30,602)	97,733
Other financing sources, net	6,862	-	6,862
Beginning fund balances	6,489,027	1,357,804	7,846,831
Ending fund balances	\$ 6,624,224	1,327,202	7,951,426

See accompanying independent auditor's report.

O'Brien County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$279,180. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted.

O'Brien County

O'Brien County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.042809%
County's collective proportionate share of the net pension liability (asset)	\$ 1,698
County's covered-employee payroll	\$ 4,237
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.08%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

O'Brien County

Schedule of County Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 404	391	368	339
Contributions in relation to the statutorily required contribution	<u>(404)</u>	<u>(391)</u>	<u>(368)</u>	<u>(339)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 4,374	4,237	4,065	3,947
Contributions as a percentage of covered-employee payroll	9.24%	9.23%	9.05%	8.59%

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
294	280	278	244	224	218
(294)	(280)	(278)	(244)	(224)	(218)
-	-	-	-	-	-
3,711	3,769	3,929	3,683	3,445	3,318
7.92%	7.43%	7.08%	6.63%	6.50%	6.57%

O'Brien County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

O'Brien County
Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 878	878	0.0%	\$ 3,779	23.2%
2010	Jul 1, 2008	-	878	878	0.0	3,816	23.0
2011	Jul 1, 2008	-	878	878	0.0	3,759	23.4
2012	Jul 1, 2011	-	617	617	0.0	4,013	15.4
2013	Jul 1, 2011	-	617	617	0.0	4,152	14.9
2014	Jul 1, 2011	-	576	576	0.0	4,277	13.5
2015	Jul 1, 2014	-	354	354	0.0	4,316	8.2

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

O'Brien County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	Resource Enhancement and Protection	County Recorder's Records Management	Federal Drug Reimburse- ment
Assets			
Cash, cash equivalents and pooled investments	\$ 96,572	40,785	2,759
Accrued interest receivable	52	22	-
Total assets	\$ 96,624	40,807	2,759
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
None	\$ -	-	-
Deferred inflows of resources:			
None	-	-	-
Fund balances:			
Restricted for:			
Drainage purposes	-	-	-
Other purposes	96,624	40,807	2,759
Total fund balances	96,624	40,807	2,759
Total liabilities, deferred inflows of resources and fund balances	\$ 96,624	40,807	2,759

See accompanying independent auditor's report.

Special Revenue

County Attorney Forfeiture	Housing Rehab	Special Environment	Drainage Districts	Capital Projects	Total
861	26,881	1,487	62,268	-	231,613
-	6	-	32	-	112
861	26,887	1,487	62,300	-	231,725
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	62,300	-	62,300
861	26,887	1,487	-	-	169,425
861	26,887	1,487	62,300	-	231,725
861	26,887	1,487	62,300	-	231,725

O'Brien County

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

			Special Revenue	
	Resource Enhancement and Protection	County Recorder's Records Management	Federal Drug Reimburse- ment	County Attorney Forfeiture
Revenues:				
Intergovernmental	\$ 14,131	-	-	-
Charges for service	-	3,460	-	-
Use of money and property	595	252	-	-
Miscellaneous	-	-	-	-
Total revenues	14,726	3,712	-	-
Expenditures:				
Operating:				
County environment and education	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	14,726	3,712	-	-
Other financing uses:				
Transfer out	-	-	-	-
Changes in fund balances	14,726	3,712	-	-
Fund balances beginning of year	81,898	37,095	2,759	861
Fund balances end of year	\$ 96,624	40,807	2,759	861

See accompanying independent auditor's report.

Housing Rehab	Special Environment	Drainage Districts	Capital Projects	Total
-	-	-	100,000	114,131
-	-	-	-	3,460
75	3	403	60	1,388
2,816	1	3,005	-	5,822
2,891	4	3,408	100,060	124,801
6,272	-	1,909	-	8,181
(3,381)	4	1,499	100,060	116,620
-	-	-	(8,707)	(8,707)
(3,381)	4	1,499	91,353	107,913
30,268	1,483	60,801	(91,353)	123,812
26,887	1,487	62,300	-	231,725

Schedule 3

O'Brien County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2015

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Current Assets			
Cash	\$ 1,043,499	17,318	1,060,817
Investments	850,000	-	850,000
Receivables:			
Accounts	2,155	-	2,155
Accrued interest	1,710	-	1,710
Total current assets	1,897,364	17,318	1,914,682
Current Liabilities			
Accounts payable	34,287	-	34,287
Net Position			
Unrestricted	<u>\$ 1,863,077</u>	<u>17,318</u>	<u>1,880,395</u>

See accompanying independent auditor's report.

O'Brien County

Combining Schedule of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds

Year ended June 30, 2015

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Operating revenues:			
Reimbursements from operating funds	\$ 1,310,535	-	1,310,535
Reimbursements from others	24,130	-	24,130
Total operating revenues	1,334,665	-	1,334,665
Operating expenses:			
Health claims and administrative services	1,056,754	1,104	1,057,858
Operating income (loss)	277,911	(1,104)	276,807
Non-operating revenues:			
Interest income	11,719	-	11,719
Net income (loss)	289,630	(1,104)	288,526
Net position beginning of year	1,573,447	18,422	1,591,869
Net position end of year	\$ 1,863,077	17,318	1,880,395

See accompanying independent auditor's report.

O'Brien County

O'Brien County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2015

	Employee Health Insurance	Workers' Compensation Self Insurance	Total
Cash flows from operating activities:			
Cash received from operating fund reimbursements	\$ 1,310,535	-	1,310,535
Cash received from others	21,975	-	21,975
Cash paid for health claims and administrative services	(1,059,798)	-	(1,059,798)
Cash paid for operating fund reimbursements	-	(1,104)	(1,104)
Net cash provided (used) by operating activities	272,712	(1,104)	271,608
Cash flows from investing activities:			
Interest on investments	11,571	-	11,571
Increase (decrease) in cash and cash equivalents	284,283	(1,104)	283,179
Cash and cash equivalents beginning of year	759,216	18,422	777,638
Cash and cash equivalents end of year	\$ 1,043,499	17,318	1,060,817
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 277,911	(1,104)	276,807
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase in receivables	(2,155)	-	(2,155)
Decrease in payables	(3,044)	-	(3,044)
Net cash provided (used) by operating activities	\$ 272,712	(1,104)	271,608

See accompanying independent auditor's report.

O'Brien County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	3,245	173,501	139,421	7,581
Other County officials	43,196	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	118	149	5,031	276
Succeeding year	-	211,000	281,000	9,519,000	532,000
Accounts	-	-	300	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 43,196	214,363	454,950	9,663,452	539,857
Liabilities					
Accounts payable	\$ -	-	-	-	-
Due to other governments	12,977	214,363	434,903	9,663,452	539,857
Trusts payable	30,219	-	-	-	-
Compensated absences	-	-	20,047	-	-
Total liabilities	\$ 43,196	214,363	454,950	9,663,452	539,857

See accompanying independent auditor's report.

Corpor- ations	Townships	Auto License, Use Tax and Driver's License	E911 Surcharges	Regional Mental Health	Other	Total
42,610	4,218	373,632	373,140	1,045,028	170,247	2,332,623
-	-	-	-	-	-	43,196
5,925	14	-	-	-	1	11,514
5,473,000	222,000	-	-	-	2,000	16,240,000
-	-	-	11,054	1,713	308	13,375
-	-	-	208	212	-	420
-	-	-	-	-	698,240	698,240
-	-	-	25,175	116,126	25,337	166,638
5,521,535	226,232	373,632	409,577	1,163,079	896,133	19,506,006
-	-	-	-	127,123	109	127,232
5,521,535	226,232	373,632	409,577	1,035,956	886,123	19,318,607
-	-	-	-	-	-	30,219
-	-	-	-	-	9,901	29,948
5,521,535	226,232	373,632	409,577	1,163,079	896,133	19,506,006

O'Brien County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 24,565	207,272	428,122	9,093,655	483,608
Additions:					
Property and other county tax	-	211,555	282,286	9,551,933	534,266
E911 surcharge	-	-	-	-	-
State tax credits	-	17,675	22,314	774,328	41,324
Office fees and collections	913,154	-	-	-	-
Auto licenses, driver's licenses, use tax and postage	-	-	-	-	-
Assessment Specials	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	389,567	-	4,087	-	-
Total additions	1,302,721	229,230	308,687	10,326,261	575,590
Deductions:					
Agency remittances:					
To other funds	723,391	-	-	-	-
To other governments	189,116	222,139	281,859	9,756,464	519,341
Trusts paid out	371,583	-	-	-	-
Total deductions	1,284,090	222,139	281,859	9,756,464	519,341
Balances end of year	\$ 43,196	214,363	454,950	9,663,452	539,857

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License, Use Tax and Driver's License	E911 Surcharges	Regional Mental Health	Other	Total
5,326,631	228,422	328,008	326,705	170,338	443,331	17,060,657
5,434,477	221,684	-	-	-	2,066	16,238,267
-	-	-	264,888	-	-	264,888
577,194	15,560	-	-	-	197	1,448,592
-	-	-	-	-	-	913,154
-	-	4,663,781	-	-	-	4,663,781
-	-	-	-	-	493,970	493,970
-	-	-	-	-	78,878	78,878
-	-	-	2,262	3,401,796	150,865	3,948,577
6,011,671	237,244	4,663,781	267,150	3,401,796	725,976	28,050,107
-	-	170,882	-	-	-	894,273
5,816,767	239,434	4,447,275	184,278	2,409,055	273,174	24,338,902
-	-	-	-	-	-	371,583
5,816,767	239,434	4,618,157	184,278	2,409,055	273,174	25,604,758
5,521,535	226,232	373,632	409,577	1,163,079	896,133	19,506,006

O'Brien County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

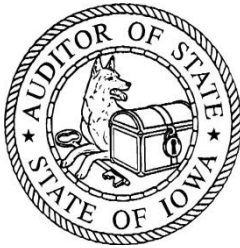
For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 5,647,504	5,643,094	5,507,469	5,370,568
Local option sales tax	496,833	464,700	501,867	502,532
Tax increment financing	263,343	586,956	597,052	454,053
Interest and penalty on property tax	47,003	37,618	64,261	36,263
Intergovernmental	5,018,196	5,650,951	4,726,524	5,439,839
Licenses and permits	104,028	309,211	112,510	115,771
Charges for service	517,915	557,920	504,716	471,117
Use of money and property	194,059	179,802	177,478	170,412
Miscellaneous	225,334	228,701	193,632	116,155
Total	\$ 12,514,215	13,658,953	12,385,509	12,676,710
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,946,246	3,053,886	2,855,852	2,744,927
Physical health and social services	432,384	425,074	385,576	416,749
Mental health	917,950	951,114	907,760	1,928,652
County environment and education	858,867	908,450	904,547	890,612
Roads and transportation	4,351,451	3,996,617	3,713,831	3,533,717
Governmental services to residents	522,927	640,455	524,493	516,709
Administration	1,174,974	1,282,709	1,058,352	978,377
Non-program	6,958	6,676	6,456	5,944
Debt service	862,618	736,770	2,502,239	732,305
Capital projects	342,107	1,360,912	1,189,761	288,466
Total	\$ 12,416,482	13,362,663	14,048,867	12,036,458

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
5,217,546	5,061,082	4,596,836	4,580,718	4,394,292	4,244,506
549,039	418,232	550,006	567,367	500,479	409,283
277,107	92,439	52,139	-	-	-
38,333	40,933	31,568	29,515	25,929	27,537
5,638,539	5,086,425	5,316,142	5,427,698	5,010,777	4,903,597
73,441	7,925	4,050	3,200	2,025	2,945
463,818	480,827	511,611	509,384	455,847	450,537
167,814	170,910	196,765	324,450	292,660	247,089
114,013	167,836	116,706	178,439	182,915	195,699
12,539,650	11,526,609	11,375,823	11,620,771	10,864,924	10,481,193
2,629,857	2,578,282	2,720,567	2,623,440	2,506,085	2,429,677
498,026	498,693	510,089	458,495	413,728	426,163
1,689,437	1,538,454	1,866,966	1,954,462	1,790,088	1,610,403
770,200	712,447	776,160	956,874	553,618	608,032
3,608,080	3,282,107	3,347,948	3,294,303	3,187,986	3,117,446
478,552	478,305	465,164	430,043	408,498	501,337
935,515	860,505	869,095	855,461	834,441	896,972
7,099	5,190	4,942	4,902	7,945	4,856
374,947	377,459	374,721	574,403	363,602	343,075
882,336	232,698	324,506	1,839,258	478,061	1,791,724
11,874,049	10,564,140	11,260,158	12,991,641	10,544,052	11,729,685

O'Brien County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of O'Brien County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of O'Brien County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered O'Brien County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of O'Brien County's internal control. Accordingly, we do not express an opinion on the effectiveness of O'Brien County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether O'Brien County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of

non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


O'Brien County's Responses to the Findings


O'Brien County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. O'Brien County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of O'Brien County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 19, 2016

O'Brien County

Schedule of Findings

Year ended June 30, 2015

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared.	Treasurer, Recorder, Assessor, and Sheriff
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	Treasurer, Recorder, Assessor and Sheriff
(3) Bank reconciliations are not performed by a person who does not record cash receipts or prepare checks. In addition, bank reconciliations are not reviewed periodically by an independent person for propriety.	Recorder and Treasurer
(4) The person who signs checks is not independent of the person preparing checks, approving disbursements and recording cash receipts.	Recorder

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials and personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons, to the extent possible, and should be documented by the signature or initials of the reviewer and the date of the review.

Responses:

Treasurer – Our office will try to comply with the findings of the auditor and work on solutions to comply

Recorder – With a limited staff, it is hard to segregate duties, but we will try and comply to the best of our ability.

O'Brien County

Schedule of Findings

Year ended June 30, 2015

Sheriff – We will attempt to comply with these current findings as indicated above on report comments.

Assessor – We will try and comply with the auditors finding, but with a small staff, it will be hard.

Conclusions – Responses acknowledged. The Offices should also consider utilizing personnel from other offices or departments to provide additional internal control.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

O'Brien County
Schedule of Findings
Year ended June 30, 2015

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Diane Harms, Wife of District 1 Foreman	Mowing	\$ 475
Junelle Grady, Wife of District 3 Foreman	Mowing	200
Crystal Egdorf, Daughter of District 4 Foreman	Mowing	275
Courtney Rehder, Daughter of District 5 Foreman	Mowing	525
Mikayla Hintz, Daughter of County Sanitarian	Summer help	405
Allison Youngers, Daughter of Public Health Nurse	Nursing help	25

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since the total for each individual did not exceed \$1,500 during the year ended June 30, 2015.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

O'Brien County

Schedule of Findings

Year ended June 30, 2015

- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

- (10) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- (11) Financial Condition – At June 30, 2015, the Special Revenue, County Urban Renewal Fund had a deficit balance of \$8,105.

Recommendation – The County should investigate alternatives to eliminate this deficit to return this fund to a sound financial position.

Response – The County did levy taxes in fiscal year 2016. We will attempt to calculate the accrual balances for these funds in the future and if needed, do a loan/transfer to avoid this issue.

Conclusion – Response accepted.

O'Brien County

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Jesse J. Probasco, CPA, Staff Auditor
Daniel S. Nilsen, Staff Auditor
Carolina M. Chavez, Assistant Auditor
Cole L. Hocker, Assistant Auditor
Elizabeth P. Dawson, Intern Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA
Deputy Auditor of State